





Y-STC  
1984

AUTHOR

Software Terms and Conditions

TITLE

(IBM)

BORROWER'S NAME

Y-STC  
1984



SOFTWARE TERMS AND CONDITIONS

Presented To:  
IBM CORPORATION

July 3, 1984

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## STUDY OBJECTIVES

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- Identification of marketing practices involving software terms and conditions.
- Areas Covered:
  - Licensing.
  - Redistribution.
  - Installation.
  - Maintenance.
  - Marketing approaches.
  - Discounting
  - Future Trends







## METHODOLOGY

- This project was designed to update the information provided to IBM in May, 1982.
- Substantially all of the same companies interviewed in 1982 were interviewed again.
  - C.D.C. was added at the request of IBM
  - The following substitutions had to be made:
- MDSI substituted for U.C.C.
- Companies interviewed in June, 1984.
  - Mainframe (5).
  - Minicomputer (6).
  - Software (15).
- Vendor management interviewed by telephone by INPUT staff.
- IBM not identified.







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## METHODOLOGY - CONTINUED

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- Interview directed at public information.
  - Respondents could indicate if data was proprietary.
- Lengthy questionnaire.







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## HARDWARE COMPANIES INTERVIEWED

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- Mainframe Companies.
  - Control Data Corp.
  - Honeywell.
  - Univac.
  - Amdahl.
  - Burroughs.
- Minicomputer Companies.
  - Perkin-Elmer.
  - Gould Computer Systems Division.
  - Digital Equipment Corporation.
  - Hewlett-Packard.
  - Data General.
  - Prime Computer.

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SOFTWARE COMPANIES INTERVIEWED

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- |                       |                   |
|-----------------------|-------------------|
| • Informatics         | • Mathematica     |
| • Computer Associates | • Software AG (X) |
| • SDC                 | • MRI Systems     |
| • Boole & Babbage     | • Pansophic       |
| • Cincom              | • MDSI (X)        |
| • Nixdorf             | • MSA             |
| • McCormack & Dodge   | • Cullinet        |
| • ADR                 |                   |

(X) Not included in preliminary report.





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## INTERVIEWEES

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● Sales & Marketing	-	5
● Product Management	-	7
● Legal/Administrative	-	10
● Other	-	4
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		26
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KEY

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N - Negative answer to question.

Y - Positive answer to question.

X - Option is available.

- - Option is not available.

DK - Don't Know - interviewee could not (would not) provide data.

N/A - Not applicable

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## VARIATIONS IN TERMS AND CONDITIONS

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- Some hardware firms still bundle.
  - Three of five mainframe companies.
  - Three of six minicomputer companies.
  - Most bundling involves system software, not application software.
- All but one hardware vendor (Amdahl) mentioned separate contract for microcomputer software.
- Micro-computer software involves terms and conditions different from other software.





# PRODUCTS PROFILE

HARDWARE VENDOR	PRODUCTS OFFERED					TERMS & CONDITIONS		LICENSE	
	ALL	OPERATING SYSTEMS	SYSTEMS SUPPORT	APPLICATION SUPPORT	APPLICATION PACKAGES	ALL SAME?	DIFFERENCES	SOFTWARE SEPARATE	IN HARDWARE
<u>MAINFRAMES:</u>									
C.D.C.	-	X	X	-	-	Y	-	X	-
Honeywell	X	X	X	X	X	Y	-	X	X
Univac	X	X	X	X	X	Y	-	X	X
Amdahl	-	X	X	X	-	N	All Sold Separate, But Some Bundled w/ Hdw. For Support	X	-
Burroughs	X	X	X	X	X	Y	-	X	Operating System Only



# PRODUCTS PROFILE

HARDWARE VENDOR	PRODUCTS OFFERED					TERMS & CONDITIONS		LICENSE	
	ALL	OPERATING SYSTEMS	SYSTEMS SUPPORT	APPLICATION SUPPORT	APPLICATION PACKAGES	ALL SAME?	DIFFERENCES	SOFTWARE SEPARATE	IN HARDWARE
<u>MINI COMPUTERS:</u>									
Perkin-Elmer	-	-	-	-	X	Y	-	X	X
Gould	X	X	X	X	X	Y	-	X	X
DEC	X	X	X	X	X	Y	-	X	Only Operating Systems
Hewlett-Packard	X	X	X	X	X	Y	-	X	X
Data General	X	X	X	X	X	Y	Reevaluating T&C for Application Pack	X	X
Prime Computer	X	X	X	X	X	Y	-	X	Only Operating Systems





# PRODUCTS PROFILE

SOFTWARE VENDOR	PRODUCTS OFFERED					TERMS & CONDITIONS		LICENSE	
	ALL	OPERATING SYSTEMS	SYSTEMS SUPPORT	APPLICATION SUPPORT	APPLICATION PACKAGES	ALL SAME?	DIFFERENCES	SOFTWARE SEPARATE	IN HARDWARE
<u>SOFTWARE:</u>									
Informatics	-	-	-	X	-	Y		X	X
Computer Associates	X	X	X	X	X	Y		X	-
SDC	-	-	-	X	X	Y		X	-
Boole & Babbage	-	-	X	-	-	Y		X	-
Cincom	-	-	-	X	X	Y		X	-
Nixdorf	X	X	X	X	X	Y		X	-
McCormack & Dodge	-	-	-	X	X	Y		X	-
ADR	-	-	X	X	X	Y		X	-
Mathematica	-	-	-	X	X	N	DBMS - 25 yr. lease Others-Perpetual license	X	-
Software AG									





# PRODUCTS PROFILE

	PRODUCTS OFFERED					TERMS & CONDITIONS		LICENSE	
	ALL	OPERATING SYSTEMS	SYSTEMS SUPPORT	APPLICATION SUPPORT	APPLICATION PACKAGES	ALL SAME?	DIFFERENCES	SOFTWARE SEPARATE	IN HARDWARE
SOFTWARE VENDOR									
MRI Systems	-	-	X	-	X	Y		X	-
Pansophic	-	-	X	-	-	Y		X	-
MDSI									
MSA	-	-	-	-	X	Y		X	-
Cullinet	-	X	-	X	-	Y		X	-



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## LICENSE TYPES

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- Wide variety of offering.

	<u>HARDWARE</u> <u>COMPANIES</u>	<u>SOFTWARE</u> <u>COMPANIES</u>
Leases	36%	60%
Rental	55%	62%
Usage	0%	38%
Paid-up	27%	77%
One-Time	55%	92%

- One time charge proportion of sales varies widely.
  - Hardware companies: 10 - 100%
  - Software companies: 0 - 100%





# LICENSE TYPES

VENDOR	LEASE PERIOD (YEARS)	RENTAL						PAID-UP	ONE-TIME CHARGE OFFERED	ONE-TIME CHARGE (PERCENT OF SALES)	OTHER
		PAYMENT TYPE (MO., YR.)	INITIAL FEE	MULTIPLIER	PAYMENT FOR CHANGES	USAGE					
<u>MAINFRAMES:</u>											
C.D.C.	N	N	-	-	-	N	N	Y	100%	N	
Honeywell	1	Both (Optional)	N	-	-	N	Special Arrangements	Y	-	N	
Univac	1-5	Month	N	-	No Charge	N	N	Y	10%	N	
Amdahl	N	Both (Optional)	N	-	-	N	N	Y	-	N	
Burroughs	1-5	Month	N	-	No Charge	N	Y	Y	DK	N	
<u>MINI COMPUTERS:</u>											
Perkin-Elmer	N	N	-	-	No Charge	N	N	Y	100%	N	
Gould	N	N	-	-	-	N	Y	Y	DK	N	
DEC	N	Month	N	12	DK	N	N	Y	99%	*	

\* Loan Agreement - Free Trial Use



# LICENSE TYPES

VENDOR	LEASE PERIOD (YEARS)	RENTAL						PAID-UP	ONE-TIME CHARGE OFFERED	ONE-TIME CHARGE (PERCENT OF SALES)	OTHER
		PAYMENT TYPE (MO., YR.)	INITIAL FEE	MULTIPLIER	PAYMENT FOR CHANGES	USAGE					
Hewlett-Packard Data General Prime	N	N	-	-	-	N	N	Y	-	*	
	N	N	-	-	-	N	N	Y	100%	N	
	1-5	Month	Y	DK	No Charge	N	Y	Y	80%	N	

\* Unlimited Right to Copy Purchase - System Support Products Only





LICENSE TYPES

VENDOR	LEASE PERIOD (YEARS)	RENTAL					PAID-UP	ONE-TIME CHARGE OFFERED	ONE-TIME CHARGE (PERCENT OF SALES)	OTHER
		PAYMENT TYPE (MO., YR.)	INITIAL FEE	MULTIPLIER	PAYMENT FOR CHANGES	USAGE				
Informatics	1-4	Month, yr. quarterly	N	-	-	N	Y	Y	95%	N
Computer Associates	1-3	Month-year	N	-	N	N	Y	Y	DK	N
SDC	3 + 5	N	-	-	-	No. of Trans-actions	Y	Y	50%	N
Boole & Babbage	N	N	-	-	-	N	N	Y	100%	N
Cincom	1	Month	N	-	-	No. of term. Type op. sys proces. size	Y-25 Yr.	Y	70%	N
Nixdorf	1-5	Month	N	-	No Charge	N	Y	Y	25%	N
McCormack & Dodge	3	N	-	-	-	N	Y	Y	98%	N
ADR	3+5	Month 3 Mo. Min.	N	-	No Charge	N	Y	Y	DK	N
Mathematica	25-DBMS only	Month	N	-	No Charge	Proces. size	Y	Y	95%	N



LICENSE TYPES

		RENTAL									
VENDOR	LEASE PERIOD (YEARS)	PAYMENT TYPE (MO., YR.)	INITIAL FEE	MULTIPLIER	PAYMENT FOR CHANGES	USAGE	PAID-UP	ONE-TIME CHARGE OFFERED	ONE-TIME CHARGE (PERCENT OF SALES)	OTHER	
Software AG											
MRI Systems	1-3	N	-	-	-	N	Y	Y	95%	N	
Pansophic	1-5	Month	N	-	Reduced charge	Y	Y	Y	75%	N	
MDSI											
MSA	N	N	-	-	-	Op sys type	N	Y	100%	N	
Cullinet	1-5	Month	N	-	No charge	N	N	N	0%	N	





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CONDITIONS ON PAID-UP  
AND ONE-TIME CHARGE

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- Vendor almost always retains rights and prevents customer resale.
  - Only exception is Gould.
- Vendors do not buy back code - no exceptions.
- Trend is towards providing credits to encourage upgrades.
  - Hardware vendors.
  - Software Vendors.



PAID-UP AND ONE-TIME CHARGE CONDITIONS

VENDOR	RETAINS RIGHTS'	CUSTOMER RESALE	RESTRICTIONS	VENDOR BUYS BACK	UPGRADE INCENTIVE
<u>MAINFRAMES:</u>					
C.D.C.	Vendor	N	-	N	100% credit
Honeywell	Vendor	N	-	N	Special Cases
Univac	Vendor	N	-	N	Credit
Amdahl	Vendor	N	-	-	-
Burroughs	Vendor	N	-	N	-
<u>MINI COMPUTERS:</u>					
Perkin-Elmer	Vendor	Y (Permission to Transfer)	None	N	Lower Charge
Gould	OEMS-Customer; End-User - Vendor	N	None	N	Credit
DEC	Vendor	Y	DK	N/A	Credit-Varies
Hewlett-Packard	Vendor	DK	-	-	Service Contract





PAID-UP AND ONE-TIME CHARGE CONDITIONS

VENDOR	RETAINS RIGHTS'	CUSTOMER RESALE	RESTRICTIONS	VENDOR BUYS BACK	UPGRADE INCENTIVE
Data General	Vendor	N	-	N	-
Prime	Vendor	N	-	N	-



PAID-UP AND ONE-TIME CHARGE CONDITIONS

VENDOR	RETAINS RIGHTS*	CUSTOMER RESALE	RESTRICTIONS	VENDOR BUYS BACK	UPGRADE INCENTIVE
<u>Software:</u>					
Informatics	Vendor	N	-	N	Support Enhancements
Computer Associates	Vendor*	N	-	N	-
SDC	Vendor	N	-	N	-
Boole & Babbage	Vendor	N	-	N	Credit-Varies
Cincom	Vendor	N	-	N	Credit-Varies
Nixdorf	Vendor	N	-	N	-
McCormack & Dodge	Vendor	N	-	N	-
ADR	Vendor	Y**	Assignee must adhere to original contract terms	N	Credit
Mathematica	Vendor	N	-	N	Credit-Varies
Software AG					
MRI Systems	Vendor	N	-	N	Credit
Pansophic	Vendor	N	-	N	-
MDSI					

\* Except for applications

\*\* With permission to re-assign



PAID-UP AND ONE-TIME CHARGE CONDITIONS

VENDOR	RETAINS RIGHTS'	CUSTOMER RESALE	RESTRICTIONS	VENDOR BUYS BACK	UPGRADE INCENTIVE
MSA	Vendor	N	-	N	-
Cullinet	Vendor	N	-	N	-





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## PURCHASE CREDITS

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- Software firms somewhat more likely to give credits (53%) than hardware companies (40%).
- Maximum credit accruable shows great variation.
  - Minimum - 33%.
  - Maximum - 100%.



## PURCHASE CREDITS

VENDOR	N/A	NONE	YES	PERCENT OF PAYMENT	MAXIMUM PERCENT ACCRUABLE	MAXIMUM MONTHS ACCRUABLE
<u>MAINFRAMES:</u>						
C.D.C.	-	-	X	-	100%	-
Honeywell	-	X	-	-	-	-
Univac	-	-	X	-	-	Varies
Amdahl	X	-	-	-	-	-
Burroughs	-	X	-	-	-	-
<u>MINI COMPUTERS:</u>						
Perkin-Elmer	-	X	-	-	-	-
Gould	X	-	-	-	-	-
DEC	-	X	-	-	-	-
Hewlett-Packard	-	-	-	-	-	-
Data General	-	X	-	-	-	-
Prime	-	-	X	DK	DK	DK





# PURCHASE CREDITS

VENDOR	N/A	NONE	YES	PERCENT OF PAYMENT	MAXIMUM PERCENT ACCRUABLE	MAXIMUM MONTHS ACCRUABLE
<u>SOFTWARE:</u>						
Informatics	-	-	X	1st year 100%	33	12
Computer Associates	-	X	-	-	-	-
SDC	-	-	X	Varies	-	-
Boole & Babbage	X	-	-	-	-	-
Cincom	X	-	-	-	-	-
Nixdorf	-	X	-	-	-	-
McCormack & Dodge	*	-	-	-	-	-
ADR	-	-	X	-	50	6
Mathematica	-	-	X	-	-	2 Months
Software AG						
MRI Systems	-	X	-	-	-	-
Pansophic	-	X	-	-	-	-

\* Proprietary



PURCHASE CREDITS

VENDOR	N/A	NONE	YES	PERCENT OF PAYMENT	MAXIMUM PERCENT ACCRUABLE	MAXIMUM MONTHS ACCRUABLE
MDSI						
MSA	X	-	-	-	-	-
Cullinet	-	-	X	Negotiable	Negotiable	Negotiable



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## DISCOUNTS

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- Discounts usually for volume and multi-site.
  - Universal for software companies.
- Other forms of discount rare.
- Discount arrangements vary and are often negotiable.
  - Second user discount of 20-50% common.
- Sensitive item for several vendors.





# DISCOUNTS AND FINANCIAL INCENTIVES

VENDOR	VOLUME	MULTI-SYSTEM	MULTI-SITE	PRE-PAYMENT	OTHER	USER COPIES	DISCOUNT SCHEDULE SUMMARY
<u>MAINFRAMES:</u>							
C.D.C.	Y	N	N	N	N	N	Volume-5% decrements per 25 copies
Honeywell	Y	Y	Y	N	N	Y	Varies with family and number of systems
Univac	Y	Y	Y	N	N	Y	40%-60% generally available under Multiple System Licence Plan
Amdahl	N	Y	N	N	N	Y	Support restrictions
Burroughs	N	N	N	N	N	N	-
<u>MINI COMPUTERS:</u>							
Perkin-Elmer	Y	Y	N	N	N	N	2nd & subsequent at same facility subject to lower royalties
Gould	Y	Y	Y	N	N	Y	Negotiable
DEC	Y	Y	N	N	N	Y	Negotiable
Hewlett-Packard	Y, except op. sys.	Y, exc. op. sys.	N	N	Y	Y	50% - 2nd and subsequent



DISCOUNTS AND FINANCIAL INCENTIVES

VENDOR	VOLUME	MULTI-SYSTEM	MULTI-SITE	PRE-PAYMENT	OTHER	USER COPIES	DISCOUNT SCHEDULE SUMMARY
Data General	Y	Y	N	N	N	N	Varies by product
Prime	Y	Y	Y	DK	N	N	Varies by product



# DISCOUNTS AND FINANCIAL INCENTIVES

VENDOR	VOLUME	MULTI-SYSTEM	MULTI-SITE	PRE-PAYMENT	OTHER	USER COPIES	DISCOUNT SCHEDULE SUMMARY
<u>SOFTWARE:</u>							
Informatics	Y	Y	Y	N	Y	N	15% - 3 or more; Negotiable
Computer Associates	Y	Y	Y	N	N	N	DK
SDC	Y	Y	Y	N	N	N	Varies
Boole & Babbage	Y	Y	Y	N	N	N	25% - 2nd,3rd; 50% - 4th +
Cincom	Y	Y	Y	N	N	N	40% - 2nd - 10th; 50% - 11th-15th;60% - 16th +
Nixdorf	Y	Y	Y	N	N	N	Matrix against 4 product lines
McCormack & Dodge	Y	Y	Y	N	*	N	Proprietary
ADR	Y	Y	Y	N	N	N	20% - 2nd & subsequent
Mathematica	N	N	N	N	N	N	-
Software AG							
MRI Systems	Y	Y	Y	Y	N	Y	No formal schedule
Pansophic	Y	Y	Y	N	N	N	10%-2nd & 3rd; 15%-4th&5th;20%-6th-8th; 25%-9th +

\* Proprietary



# DISCOUNTS AND FINANCIAL INCENTIVES

VENDOR	VOLUME	MULTI-SYSTEM	MULTI-SITE	PRE-PAYMENT	OTHER	USER COPIES	DISCOUNT SCHEDULE SUMMARY
M.D.S.I.							
MSA	Y	Y	Y	N	N	N	Proprietary
Cullinet	Y	Y	Y	N	N	N	Varies - No formal schedule





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## PRICE PROTECTION

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- Varies greatly by vendor and by license type.
- Trend is away from price protection.



# PRICE PROTECTION

VENDOR	LICENSE TYPE			
	LEASE	RENTAL	PAID-UP	USAGE
<u>MAINFRAMES:</u>				
C.D.C.	N/A	N/A	N/A	N/A
Honeywell	Y	Y	Y	N/A
Univac	Y*	Y*	N/A	N/A
Amdahl	N	N	N	N
Burroughs	Y	Y	Y	N/A
<u>MINI COMPUTERS:</u>				
Perkin-Elmer	N	N	N	N
Gould	N/A	N/A	Y	N/A
DEC	N/A	Y	N/A	N/A
Hewlett-Packard	N/A	N/A	N/A	N/A
Data General	N/A	N/A	N/A	N/A
Prime	Y	Y	Y	N/A

\* 12 Month Limit



# PRICE PROTECTION

VENDOR	LICENSE TYPE			
	LEASE	RENTAL	PAID-UP	USAGE
<u>SOFTWARE:</u>				
Informatics	Y	Y	Y	N/A
Computer Associates	Micro Only	Micro Only	Micro Only	N/A
SDC	Y	Y	Y	N
Boole & Babbage	N/A	N/A	N/A	N/A
Cincom	N	N	Y	N
Nixdorf	*	*	*	N/A
McCormack & Dodge	N	N/A	N	N/A
ADR	90 days	90 days	90 days	90 days
Mathematica	N	N	N	N
Software AG				
MRI Systems	Y	N/A	Y	N/A
Pansophic	Y	Y	Y	Y
M.D.S.I.				

\* They retain right to raise price in contract, but as a rule do not.





PRICE PROTECTION

VENDOR	LICENSE TYPE			
	LEASE	RENTAL	PAID-UP	USAGE
MSA	N/A	N/A	N/A	N/A
Cullinet	N	N	N/A	N/A



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## LICENSING FOCUS

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<u>LICENSED TO:</u>	<u>HARDWARE COMPANIES</u>	<u>SOFTWARE COMPANIES</u>
CPU Serial Number	64%	31%
System Type	18%	8%
User Site	18%	62%
User Firm	27%	31%

- Enforcement now seen as a business problem.
- Contract terms often monitored through field support services.
- Several respondents commented on being involved in contract litigation.

INPUT



## SOFTWARE LICENSING FOCUS

VENDOR	CPU SERIAL NUMBER	SYSTEM TYPE	USER SITE	USER FIRM	OTHER	LICENSING ENFORCEMENT
<u>MAINFRAMES:</u>						
C.D.C.	-	-	-	X	-	License agreement - Difficult.
Honeywell	X	-	-	-	-	Contract-But rely on customer integrity.
Univac	-	-	X	X	SPU*	Legal controls; Monitor usage through central support facility
Amdahl	X	-	-	-	-	Terminate license upon violation.
Burroughs	X	-	-	-	-	Through maintenance.
<u>MINICOMPUTERS:</u>						
Perkin-Elmer	X	-	-	-	-	Security-permission disk (only runs on one CPU.
Gould	X	-	-	-	-	Contracts.
DEC	X	-	-	-	-	New products tied to CPU serial# Maintenance activities detect misuse.
Hewlett-Packard	-	X	-	-	-	Can't do.

\* Software Processing Unit



SOFTWARE LICENSING FOCUS

VENDOR	CPU SERIAL NUMBER	SYSTEM TYPE	USER SITE	USER FIRM	OTHER	LICENSING ENFORCEMENT
Data General	X	-	-	-	-	Contract
Prime	-	X	X	X	-	Manual policing through field service





## SOFTWARE LICENSING FOCUS

VENDOR	CPU SERIAL NUMBER	SYSTEM TYPE	USER SITE	USER FIRM	OTHER	LICENSING ENFORCEMENT
<u>SOFTWARE:</u>						
Informatics	-	-	X	X	-	No policing procedure.
Computer Associates	X	-	X	-	-	Terminate and sue.
SDC	-	X	-	-	-	Not done.
Boole & Babbage	X	-	X	-	-	No problem.
Cincom	X	-	X	-	-	Contract; CPU serial #.
Nixdorf	-	-	-	-	Chassis System	Depends on how flagrant misuse is.
McCormack & Dodge	-	-	X	X	-	No problem-no support without license.
ADR	-	-	-	X	-	Contracts; Customer integrity.
Mathematica	X	-	-	-	-	Contracts and legal channels.
Software AG						
MRI Systems	-	-	X	-	-	Can't enforce.
Pansophic	-	-	X	-	-	Rely on customer integrity.
M.D.S.I.						



SOFTWARE LICENSING FOCUS

VENDOR	CPU SERIAL NUMBER	SYSTEM TYPE	USER SITE	USER FIRM	OTHER	LICENSING ENFORCEMENT
MSA	-	-	X	-	-	Legal Channels.
Cullinet	-	-	-	X	-	No support without license.



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UPGRADES/ENHANCEMENTS

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	<u>HARDWARE</u> <u>COMPANIES</u>	<u>SOFTWARE</u> <u>COMPANIES</u>
No Change	45%	38%
Additional Charge	36%	15%
In Maintenance Fee	64%	92%
New Product	18%	15%

INPUT



# SOFTWARE UPGRADES/ENHANCEMENTS

VENDOR	NO CHARGE	CHARGED	IN MAINTENANCE	NEW PRODUCT	NONE PLANNED	OTHER
<u>MAINFRAMES:</u>						
C.D.C.	-	X	-	-	-	-
Honeywell	X	X	X	X	-	-
Univac	X	-	-	-	-	-
	Contract reserves right to change					
Amdahl	Sys. Support only	Operating Systems only	Appl. Support only	-	-	-
Burroughs	-	-	X	-	-	-
<u>MINI COMPUTERS:</u>						
Perkin-Elmer	X*	-	-	-	X	-
Gould	-	-	X	-	-	-
DEC	Only Systems	-	X	-	-	-
Hewlett-Packard	-	X	-	X	-	-

\* No precedent - could change





SOFTWARE UPGRADES/ENHANCEMENTS

VENDOR	NO CHARGE	CHARGED	IN MAINTENANCE	NEW PRODUCT	NONE PLANNED	OTHER
Data General	-	-	X	-	-	-
Prime	-	-	X	-	-	-



## SOFTWARE UPGRADES/ENHANCEMENTS

VENDOR	NO CHARGE	CHARGED	IN MAINTENANCE	NEW PRODUCT	NONE PLANNED	OTHER
<u>Software:</u>						
Informatics	-	-	X	-	-	-
Computer Associates	-	-	X	-	-	-
SDC	-	-	X	-	-	-
Boole & Babbage	X	-	-	-	-	-
Cincom	X	X	X	X	-	-
Nixdorf	X	-	X	X	-	-
McCormack & Dodge	X	-	X	-	-	-
ADR	-	-	X	-	-	-
Mathematica	-	-	X	-	-	-
Software AG						
MRI Systems	-	X	-	-	X-App1.	-
Pansophic	-	-	X	-	-	-
M.D.S.I.	-	-	X	-	-	-



# SOFTWARE UPGRADES/ENHANCEMENTS

VENDOR	NO CHARGE	CHARGED	IN MAINTENANCE	NEW PRODUCT	NONE PLANNED	OTHER
MSA	-	-	X	-	-	-
Cullinet	X	-	X	-	-	-



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## SOURCE CODE

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- Hardware companies more likely to deliver source code (82%) than software companies (about 54%).
  - Extra fee often charged by hardware companies.
  - Usually in machine readable form.
- Most firms have some form of software protection.
  - Hardware firms always copyright (100%).
  - Software firms both copyright (85%) and trade secret (77%).
- Attitudes on enforcement vary widely.
  - Most see enforcement as difficult.





# SOURCE CODE DELIVERY

VENDOR	SOURCE CODE DELIVERY	DELIVERY MEANS		SOFTWARE PROTECTION			
		MACHINE READABLE	MICRO-FICHE	COPY-RIGHT	TRADE SECRET	OTHER	ENFORCEMENT
Gould	Need to know- Extra Fee	X	X	X	-	None	Difficult; Contracts.
DEC	Varies-Extra Fee	X	-	X	-	-	Can't enforce.
Hewlett-Packard	Extra Fee	X	-	X	-	-	Can't do.
Data General	Need to Know*	X	-	X	X	-	Strict contracts.
Prime	Op. Sys.-Normally Others-Need to know	X	-	X	-	-	Manual process

\* Offer special source license agreement



# SOURCE CODE DELIVERY

VENDOR	SOURCE CODE DELIVERY	DELIVERY MEANS		SOFTWARE PROTECTION			
		MACHINE READABLE	MICRO-FICHE	COPY-RIGHT	TRADE SECRET	OTHER	ENFORCEMENT
<u>MAINFRAMES:</u> C.D.C. Honeywell	Never	-	-	X	X	-	Copy-prevention mechanism
	Special Arrangement Extra Fee	X	-	X	X	-	-
	Major sys. Normally Extra Fee	X	-	X	X	-	Contractual restrictions Tape monitoring
Amdahl	Extra Fee	X	-	X	X	-	Terminate license upon violation
Burroughs	Need to know - Extra Fee	X	-	X	X	-	Manually
<u>MINI COMPUTERS:</u> Perkin-Elmer	Never	-	-	X	X	-	Permission disk



# SOURCE CODE DELIVERY

VENDOR	SOURCE CODE DELIVERY	DELIVERY MEANS		SOFTWARE PROTECTION			
		MACHINE READABLE	MICRO-FICHE	COPY-RIGHT	TRADE SECRET	OTHER	ENFORCEMENT
<u>Software:</u>							
Informatics	Never	-	-	X	X	-	Contracts.
Computer Associates	Applications only	X	-	X	X	-	Legal channels.
SDC	Normally	-	-	X	-	-	Don't enforce.
Boole & Babbage	Never	-	-	X	-	-	Legal action. *
Cincom	Never-Majority Extra Fee-Minority	X	-	X	X	-	Courts
Nixdorf	Optional	X	-	X	X	-	Not a problem.
McCormack & Dodge	Normally Small portion- Never	X	-	X	X	-	Copyright legends on all materials.
ADR	Never	-	-	X	X	-	Contract.

\* Currently involved in a lawsuit



# SOURCE CODE DELIVERY

VENDOR	SOURCE CODE DELIVERY	DELIVERY MEANS		SOFTWARE PROTECTION			
		MACHINE READABLE	MICRO-FICHE	COPY-RIGHT	TRADE SECRET	OTHER	ENFORCEMENT
Mathematica Software AG	Never	-	-	-	X	-	Contracts.
MRI Systems	Never-Sys. Supp. Normally-Appl.	X	-	X	X	-	Can't enforce.
Pansophic M.D.S.I.	Never	-	-	-	X	-	Customer integrity.
MSA	Normally	X	-	X	-	-	Contracts.
Cullinet	Never	-	-	X	X	-	Contracts.





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## REDISTRIBUTION (1)

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- Over half of hardware vendors engage in some form of software redistribution.
  - About half of software vendors do.
  - Usually a discount is involved.
- Added value is usually required by hardware company.
  - Only one software respondent reported enhancing hardware vendor software to run on another vendor's hardware.



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## REDISTRIBUTION (2)

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- End user licenses with either hardware vendor or redistributor.
  - Hardware vendors divided on practice.
  - Software respondents (3) report licenses to themselves.
- A majority of vendors have different terms and conditions with services vendors; examples:
  - Don't sell to some or all.
  - Cost or usage pricing/royalties.
  - Different discounts.



# SOFTWARE REDISTRIBUTION

VENDOR	SOFTWARE REDISTRIBUTED	DISCOUNT TO SOFTWARE REDISTRIBUTOR	ADDED VALUE REQUIRED	NEW CODE FOR		END USER LICENSE W/HDW VENDOR	DIFFERENCES IN T&C TO SERVICES VENDORS
				ORIGINAL VENDOR	ANOTHER VENDOR		
<u>MAINFRAMES:</u>							
C.D.C.	Y	40-60%	N	N	N	Y	Y - OEM pays wholesale price
Honeywell	Y	Varies	Y	Y	N	N	N
Univac	N*	-	-	-	-	-	Y - Charged additional fee.
Amdahl	N	-	-	-	-	-	N
Burroughs	Y	Y	N	N	N	Y	N
<u>MINI COMPUTERS:</u>							
Perkin-Elmer	N	-	-	-	-	-	Only supply end users
Gould	Y	Y-Varies	Y	N	N	N	N
DEC	Y	Y-DK%	N	N	DK	Y	N
Hewlett-Packard	Y	Y	Y	Y	N	N	N

\* Intended Soon



# SOFTWARE REDISTRIBUTION

VENDOR	SOFTWARE REDISTRIBUTED	DISCOUNT TO SOFTWARE REDISTRIBUTOR	ADDED VALUE REQUIRED	NEW CODE FOR		END USER LICENSE W/HDM VENDOR	DIFFERENCES IN T&C TO SERVICES VENDORS
				ORIGINAL VENDOR	ANOTHER VENDOR		
Data General  Prime	Y	Y	Y	Y	N	N	N
	Y	Y	Y	Y	N	Y	N





VENDOR	SOFTWARE REDISTRIBUTED	DISCOUNT TO SOFTWARE REDISTRIBUTOR	ADDED VALUE REQUIRED	NEW CODE FOR		END USER LICENSE W/SFW VENDOR	DIFFERENCES IN T&C TO SERVICES VENDORS
				ORIGINAL VENDOR	ANOTHER VENDOR		
<u>SOFTWARE:</u>							
Informatics	N	-	-	-	-	-	Y - Change usage fee.
Computer Associates	N	-	-	-	-	-	Y - Timesharing agreements negotiated case by case.
SDC	Y	**	**	**	**	**	N
Boole & Babbage	Y	N	Y	Y	N	N	N
Cincom	N	-	-	-	-	-	Y - Negotiated on individual basis.
Nixdorf	Y	Varies	DK	N	*	Y	N
McCormack & Dodge	Y	**	**	**	N	Y	N
ADR	N	-	-	-	-	-	Y - Negotiate special T&C sometimes
Mathematica	Y	**	Y	Y	Y	N	Y - Won't discuss.
Software AG							
MRI Systems	N	-	-	-	-	-	N/A

\* Discouraged

\*\* Proprietary



SOFTWARE REDISTRIBUTION

VENDOR	SOFTWARE REDISTRIBUTED	DISCOUNT TO SOFTWARE REDISTRIBUTOR	ADDED VALUE REQUIRED	NEW CODE FOR		END USER LICENSE W/SFM VENDOR	DIFFERENCES IN T&C TO SERVICES VENDORS
				ORIGINAL VENDOR	ANOTHER VENDOR		
Pansophic	N	I	I	I	I	I	N
M.D.S.I.	N	I	I	I	I	I	N
MSA	N	I	I	I	I	I	Y - No restrictions on use; Royalty charge.
Cullinet	N	I	I	I	I	I	N



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## INSTALLATION

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- Installation terms vary, no pattern.
- Acceptance period varies - 30-90 days most common.
- Software companies somewhat more likely to have warranty depend on vendor installation (53%) than hardware companies (40%).
- Fewer software vendors make modifications to software than hardware companies.
  - Common to try to avoid making modifications.
  - Some software companies view modifications as revenue source.



# INSTALLATION

VENDOR	INSTALLATION SERVICE	ACCEPTANCE PERIOD (DAYS)	FREE COPIES OF DOCUMENTATION	WARRANTEE REQUIRES INSTALLATION?	MODIFICATIONS		EXTRA FEE
					MAKE?	MAINTAIN?	
<u>MAINFRAMES:</u>							
C.D.C.	Not available	Y-30	2	N	N	-	-
Honeywell	Varies by customer and system	N	1	N	Y-Avoid	Standard Products Only	Y
Univac	Separate charge	N	1	N	N	-	-
Amdahl	Varies	Y-30	1	N	N	-	-
Burrroughs	Free	Y	1	N	Y-Appl. only	Y	Y
<u>MINICOMPUTERS:</u>							
Perkin-Elmer	Free	N	1	N	N	-	-
Gould	Free	Y-Op. Sys. 1-14	1	N	Y-consult.	Y	Y
DEC	Separate charge	N	1	N	Y	Y	Y
Hewlett-Packard	Free*	-	1	Y-op. sys only	Y	Y-Appl. only	Y

\*Changing for Data Communications Products - Too Expensive





# INSTALLATION

VENDOR	INSTALLATION SERVICE	ACCEPTANCE PERIOD (DAYS)	FREE COPIES OF DOCUMENTATION	WARRANTEE REQUIRES INSTALLATION?	MODIFICATIONS		EXTRA FEE
					MAKE?	MAINTAIN?	
Data General	Varies	N	1	N	Special Sys. Group Only	-	Y
Prime	Free	Y-1	1	1st Inst. Only	Y	Y	Y



# INSTALLATION

VENDOR	INSTALLATION SERVICE	ACCEPTANCE PERIOD (DAYS)	FREE COPIES OF DOCUMENTATION	WARRANTEE REQUIRES INSTALLATION?	MODIFICATIONS		EXTRA FEE
					MAKE?	MAINTAIN?	
<u>SOFTWARE:</u>							
Informatics	2 days-Free	Y-30	2	Y	N	-	-
Computer Associates	Free	Y-30	1	N	Y-App1.	N	Y
SDC	2 days Separate charge	Y-7 to 28	5	Y	Y	Y	Y
Boole & Babbage	Free 1-5 days	Y-21 to 45	2	N	N	-	-
Cincom	Separate charge	Y-30 to 90	1-3	Y	Y	N	Y
Nixdorf	Separate charge	Y-30 to 90	1	Varies by Product	App. only	Y-avoid	Y
McCormack & Dodge	Not available	N	2	N	N	-	-
ADR	Free	N	2	N	N	-	-
Mathematica	Not available	N	5	N	N	-	-



# INSTALLATION

VENDOR	INSTALLATION SERVICE	ACCEPTANCE PERIOD (DAYS)	FREE COPIES OF DOCUMENTATION	WARRANTEE REQUIRES INSTALLATION?	MODIFICATIONS		EXTRA FEE
					MAKE?	MAINTAIN?	
Software AG							
MRI Systems	Free	Y-30	*	N	N	-	-
Pansophic	1-5 days - Free	Y-30	4	Y	Y	Y	N
M.D.S.I.							
MSA	1-5 days - Free	N	1	N	N	-	-
Cullinet	Free	N	1	N	N	-	-

\* As many as user requires.



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SEPARATE MAINTENANCE FEES

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<u>TYPE OF SOFTWARE LICENSE</u>	<u>HARDWARE COMPANIES</u>	<u>SOFTWARE COMPANIES</u>
Lease	50%	73%
Continuous Payment	50%	57%
Usage Pricing	N/A	50%
Paid-Up	33%	60%
One Time Charge	64%	58%

NOTE:

- (1) Percentages against companies which have that type of software license.
- (2) If in fee, but optional, counted as separate.





MAINTENANCE CHARGE APPROACH BY  
METHOD OF LICENSE PAYMENT

VENDOR	LEASE	CONTINUOUS PAYMENT	USAGE PRICING	PAID-UP LICENSE	ONE-TIME CHARGE	COMMENTS
<u>MAINFRAMES:</u>						
C.D.C.	-	-	-	-	In Fee-12 Mo.	Hot-line only
Honeywell	In Fee	-	-	-	Sep.-Opt.	Some free 1 year support
Univac	Sep.-Req. In Fee	Same	-	-	Same	-
Amdahl	-	In Fee-Opt.	-	-	Appl. Supp.- Sep.-Opt. Others-In Fee	-
Burroughs	In Fee-Req.	In Fee-Req.	-	In Fee-Req.	In Fee-Req.	-
<u>MINI COMPUTERS:</u>						
Perkin-Elmer	-	-	-	-	In Fee	-
Gould	-	-	-	12 Mo.	12 Mo.	-
DEC	-	-	-	-	Sep.-Opt.	-
Hewlett-Packard	-	-	-	-	Sep.-Opt.	-



MAINTENANCE CHARGE APPROACH BY  
METHOD OF LICENSE PAYMENT

VENDOR	LEASE	CONTINUOUS PAYMENT	USAGE PRICING	PAID-UP LICENSE	ONE-TIME CHARGE	COMMENTS
Data General	-	-	-	-	In Fee-Sep.- Opt.	3 Options
Prime	Sep-Opt.	Sep-Opt.	-	Sep-Opt.	Sep-Opt.	-



MAINTENANCE CHARGE APPROACH BY  
METHOD OF LICENSE PAYMENT

VENDOR	LEASE	CONTINUOUS PAYMENT	USAGE PRICING	PAID-UP LICENSE	ONE-TIME CHARGE	COMMENTS
<u>SOFTWARE:</u>						
Informatics	In Fee-Sep. 12 Mo.-Opt.	-	-	In Fee-Sep. 12 Mo.-Opt.	In Fee-Sep. 12 Mo.-Opt	
Computer Associates	In Fee-Sep. 12 Mo.-Opt.	In Fee- Sep 12 Mo.-Opt.	-	In Fee-Sep. 12 Mo.-Opt.	In Fee-Sep. 12 Mo.-Opt.	
SDC	Sep-Opt	-	Sep - Opt	Sep-Opt	Sep-Opt	
Boole & Babbage	-	-	-	-	Sep-Req.	
Cincom	Sep-Req.	Sep-Req.	Sep - Req.	Sep-Req.	Sep-Req.	
Nixdorf	In Fee-Sep. 12 Mo.-Opt.	In Fee-Sep. 12 Mo.-Opt.	-	In Fee-Sep. 12 Mo.- Opt.	In Fee-Sep. 12 Mo.-Opt.	
McCormack & Dodge	Sep-Opt In Fee	-	-	Sep-Opt. In Fee	Sep-Opt. In Fee	
ADR	12 Mo.-Opt.	In Fee-Req.	-	12 Mo.	12 Mo.	
Mathematica	In Fee-Req.	In Fee-Req.	12 Mo.-Opt. In Fee	12 Mo.-Opt. In Fee	12 Mo.-Opt. In Fee	
Software AG						



MAINTENANCE CHARGE APPROACH BY  
METHOD OF LICENSE PAYMENT

VENDOR	LEASE	CONTINUOUS PAYMENT	USAGE PRICING	PAID-UP LICENSE	ONE-TIME CHARGE	COMMENTS
MRI Systems	In Fee	-	-	In Fee	In Fee	
Pansophic	In Fee-Sep. 12 Mo.-Opt.	12 Mo.-Opt.	12 Mo.-Opt	12 Mo.-Opt.	12 Mo.-Opt.	
M.D.S.I.						
MSA	-	-	-	-	12 Mo.-Req.	
Cullinet	Sep-Req.	Sep - Req.	-	-	-	





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## MAINTENANCE (1)

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- Annual fee of 10-12% of purchase price common for software vendors.
  - Varies for other vendors.
- Maintenance typically includes both fixes and enhancements for software companies, less common for hardware companies.
  - Point at which an enhancement becomes a new product can depend on:
    - . Size.
    - . Functionality.
- Minimum maintenance term usually 12 months for software companies - hardware companies show greater variation.
- Hardware maintenance is not a prerequisite for software maintenance by hardware companies.



# MAINTENANCE (1)

VENDOR	12-MONTH MAINTENANCE FEE	MAINTENANCE			WHAT IS ENHANCEMENT VS. NEW PRODUCT	MINIMUM MAINTENANCE TERM	HARDWARE MAINTENANCE PREREQUISITE
		FIXES	ENHANCED	OTHER			
<u>MAINFRAMES:</u>							
C.D.C.	Not Offered	-	-	-	-	-	-
Honeywell	Varies By Product	X	X	-	Logical Extension	12 Mo.	N
Univac	None	-	-	-	Size - Additional Functionality	N	N
Amdahl	Varies By Product	X	X	-	Logical Extension & Hardware	N	N
Burroughs	N/A	X	X	*	DK	N	N
<u>MINI COMPUTERS:</u>							
Perkin-Elmer	Not Offered	-	-	-	Additional Functionality	-	N
Gould	10%	X	X	-	Major Rewrite	12 Mo.	Y

\* Remote diagnostics



# MAINTENANCE (1)

VENDOR	12-MONTH MAINTENANCE FEE	MAINTENANCE			WHAT IS ENHANCEMENT VS. NEW PRODUCT	MINIMUM MAINTENANCE TERM	HARDWARE MAINTENANCE PREREQUISITE
		FIXES	ENHANCED	OTHER			
DEC	Varies	X	X	-	Judgement by Development Team	12 Mo.	N
Hewlett-Packard	Varies	X	X	*	Varies by product	3 Mo.	N
Data General	Varies	X	X	-	Additional Capabilities	12 Mo.	N
Prime	Varies by Product	X	X	**	Different Capabilities	Y	Y

\* Customer assigned Systems Engineer

\*\* .Preventive monthly main. checks  
.On-line diagnostics



# MAINTENANCE (1)

VENDOR	12-MONTH MAINTENANCE FEE	MAINTENANCE			WHAT IS ENHANCEMENT VS. NEW PRODUCT	MINIMUM MAINTENANCE TERM	HARDWARE MAINTENANCE PREREQUISITE
		FIXES	ENHANCED	OTHER			
<u>SOFTWARE:</u>							
Informatics	12%	X	X	X	Functional Change.	12 Mo.	N/A
Computer Associates	13%	X	X	-	Functional Change.		
SDC	10%	X	X	-	No Statndard Determinant	12 Mo.	N/A
Boole & Babbage	20%	X	X	-	Size or Function	12 Mo.	N/A
Cincom	13-20%	X	X	-	Size or Function	12 Mo.	N/A
Nixdorf	*	X	X	-	Functional Change	*	N
McCormack & Dodge	Proprietary	X	X	X	More than improvement	12 Mo.	N/A
ADR	Varies	X	X	-	Functional Change	12 Mo.	-
Mathematica	Varies	X	X	**	New Application	12 Mo.	N/A
Software AG							
MRI Systems	Varies	X	X	-	-	-	N/A

\* Hasn't been set yet.

\*\* Engineering Service Bulletins periodically issued.





# MAINTENANCE (1)

VENDOR	12-MONTH MAINTENANCE FEE	MAINTENANCE			WHAT IS ENHANCEMENT VS. NEW PRODUCT	MINIMUM MAINTENANCE TERM	HARDWARE MAINTENANCE PREREQUISITE
		FIXES	ENHANCED	OTHER			
Pansophic	12%	X	X	-	Size and Function	12 Mo.	N/A
M.D.S.I.	11%	X	X	-	Universality of Need for Module	12 Mo.	N/A
MSA	10%	X	X	-	Major Rewrite.	12 Mo.	N/A
Cullinet							



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## MAINTENANCE (2)

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- Maintenance for old release varies from none to "forever."
- There are few response time promises.
- Trouble report turnaround varies.
  - "Immediate" most common promised.
  - Actual practice will show variations.



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## FIX NOTIFICATION

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<u>TYPE OF NOTIFICATION</u>	<u>HARDWARE COMPANIES</u>	<u>SOFTWARE COMPANIES</u>
On-Site	64%	46%
Telephone	82%	92%
Letter	64%	62%
Newsletter	73%	62%
Maintenance Release	91%	77%
All Users	91%	100%
Applied By:		
Vendor only	9%	7%
Customer only	9%	54%
Both	73%	38%

INPUT



# MAINTENANCE (2)

VENDOR	MAINTENANCE FOR OLD RELEASE	RESPONSE TIME	FIX NOTIFICATION							
			ON-SITE	TELEPHONE	LETTER	NEWS LETTER	MAINTENANCE RELEASE	ALL USERS	FIX APPLIED BY	TROUBLE REPORT TURNAROUND
<u>MAINFRAMES:</u>										
C.D.C.	-	-	N	Y	N	N	N	-	-	-
Honeywell	3-36 months	No Contract	Y*	Y	Y	Y	Y	Y	Both	DK
Univac	6 months	No Time	Y	Y	Y	Y	Y	Y	Cust.	Immed.
Amdahl	Varies 6 Month Minimum	No Cont.	Y	Y	N	N	Y	Y	Both	DK
Burroughs	Varies	No Cont.	Y	Y	Y	Y	Y	Y	Both (Varies)	Varies
<u>MINI COMPUTERS:</u>										
Perkin-Elmer	No Contract	No Contract	-	-	-	-	Y	Y	Both	DK
Gould	2 Releases	DK	-	Y	Y	Y	Y	Y	Vendor	DK
DEC	6 Months	Depends On Contract	Y	Y	Y	Y	Y	Y	Both	DK

\* Usual





# MAINTENANCE (2)

VENDOR	MAINTENANCE FOR OLD RELEASE	RESPONSE TIME	FIX NOTIFICATION							
			ON-SITE	TELEPHONE	LETTER	NEWS LETTER	MAINTENANCE RELEASE	ALL USERS	FIX APPLIED BY	TROUBLE REPORT TURNAROUND
Hewlett-Packard Data General Prime	For 1 Release	No Time	-	-	Y	Y	Y	Y	Both	1 Day Fix
	6 Months	No obligation	Y	Y	-	Y	Y	Y	Both	DK-Varies
	24 Months or 2 Releases	Varies by Contract	Y	Y	Y	Y	Y	Y	Both	Immed.- 30 Days



# MAINTENANCE (2)

			FIX NOTIFICATION							
			ON-SITE	TELEPHONE	LETTER	NEWS LETTER	MAINTENANCE RELEASE	ALL USERS	FIX APPLIED BY	TROUBLE REPORT TURNAROUND
VENDOR	MAINTENANCE FOR OLD RELEASE	RESPONSE TIME								
<u>SOFTWARE:</u>										
Informatics	-	No Contract	-	Y	Y	-	-	Y	Cust.	24 Hrs.
Computer Associates	DK	No Contract	Y	Y	Y	Y	Y	Y	Both	Varies
SDC	2 Months	No Contract	-	Y	-	-	Y	Y	Both	DK
Boole & Babbage	3-4 Months	Varies	Y	Y	Y	Y	Y	Y	Both	1-2 Days
Cincom	Forever	No Contract	Y	Y	Y	Y	Y	Y	Cust.	DK
Nixdorf	Varies	DK	-	-	-	Y*	-	**	Both	DK
McCormack & Dodge	1 Release	30 Days	-	Y	Y	Y	Y	Y	Cust.	Varies
ADR	2 Releases	No Time	-	Y	Y	Y	Y	Y	Cust.	DK
Mathematica	DK	No Contract	-	Y	-	-	Y	Y	Cust.	Varies
Software AG										
MRI Systems	-	No Contract	-	Y	-	-	-	Y	Cust.	1 Day

\* Also Dial-up.

\*\* Patch file tapes sent to local offices.







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### MAINTENANCE (3)

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- Hardware companies are more likely to give a price discount for multi-license maintenance than software companies.
- Central maintenance arrangements are common among software companies, less so among hardware companies.
- On-site maintenance pricing ranges from about \$200/day to \$850/day.





# MAINTENANCE (3)

VENDOR	MULTI-LICENSE MAINTENANCE		OTHER	ON-SITE MAINTENANCE
	PRICE DISCOUNT	CENTRAL MAINTENANCE		
<u>MAINFRAMES:</u>				
C.D.C.	-	-	-	Not Offered
Honeywell	-	X	-	Varies by Systems & Customer
Univac	X	X	-	10-15% of monthly lease fee. \$/Hour depends on skill level
Amdahl	-	X-optional	-	Fixed price by hour
Burroughs	-	X	-	Not Offered
<u>MINI COMPUTERS:</u>				
Perkin-Elmer	N/A	N/A	-	Not Offered
Gould	X	X	-	Not Offered
DEC	X	X	-	DK
Hewlett-Packard	X	X	-	\$100/Hour + Travel Expenses
Data General	-	-	-	Fixed Price by Product
Prime	X	X	-	Varies



# MAINTENANCE (3)

VENDOR	MULTI-LICENSE MAINTENANCE		OTHER	ON-SITE MAINTENANCE
	PRICE DISCOUNT	CENTRAL MAINTENANCE		
<u>SOFTWARE:</u>				
Informatics	X	X	-	Not offered sep.
Computer Associates	-	-	Varies	Not offered sep.
SDC	-	-	-	-
Boole & Babbage	X	X	-	Not offered sep.
Cincom	X	X	-	\$100-\$125/Hour.
Nixdorf	X	X	-	\$75/Hour
McCormack & Dodge	-	X	-	Not offered sep.
ADR	*	*	-	Not offered.
Mathematica	X	-	-	Not offered
Software AG				
MRI Systems	-	-	-	N/A
Pansophic	-	X	-	\$2000/Day
M.D.S.I.				

\* Execute only versions-Not standard.



MAINTENANCE (3)

VENDOR	MULTI-LICENSE MAINTENANCE		OTHER	ON-SITE MAINTENANCE
	PRICE DISCOUNT	CENTRAL MAINTENANCE		
MSA	-	-	No Discount (Separate)	\$500/Day.
Cullinet	X	X	Negotiable	DK



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## MARKETING

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- All hardware sales people also sell software.

INPUT





# MARKETING

VENDOR	SALES FORCE SELLS		COMMENTS
	HARDWARE	SOFTWARE	
<u>MAINFRAMES:</u>			
C.D.C.	X	X	
Honeywell	X	X	
Univac	X	X	
Amdahl	X	X	
Burroughs	X	X	
<u>MINI COMPUTERS:</u>			
Perkin-Elmer	X	X	
Gould	X	X	
DEC	X	X	
Hewlett-Packard	X	X	
Data General	X	X	
Prime	X	X	



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## TRENDS

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- Respondees did not tend to forecast price increases.
- Pricing factors varied by company - no discernable pattern.
- Cost factors varied - no discernable pattern.
- Hardware vendors becoming more service oriented in relation to software products.
- No pattern evolving for licensing methods.



# TRENDS

VENDOR	% PRICE CHANGES			MOST IMPORTANT PRICING FACTOR	MOST IMPORTANT COST FACTOR	COMMENTS
	1984	1985	1986			
<u>MAINFRAMES:</u>						
C.D.C.	0	+20%	DK	Maximize Profits	Sales & Mktg.	
Honeywell	0	+10%	+5%	Targetted Profit	Sales & Mktg.	
Univac	+10-15%	+10%	+10%	Increase Revenues	Profit Allocation	
Amdahl	DK	DK	DK	DK	DK	
Burroughs	0	DK	DK	DK	DK	
<u>MINI COMPUTERS:</u>						
Perkin-Elmer	DK	DK	DK	-	Profit Allocation R & D Cost	
Gould	0	*	*	Meet competition Price	Research & Devel.	
DEC	0	0	DK	DK	DK	
Hewlett-Packard	DK	DK	DK	DK	DK	
Data General	DK	DK	DK	DK	DK	
Prime	DK	DK	DK	Meet competition price	Sales & Mktg.	

\* Whatever the market will bear



# TRENDS

VENDOR	% PRICE CHANGES			MOST IMPORTANT PRICING FACTOR	MOST IMPORTANT COST FACTOR	COMMENTS
	1984	1985	1986			
<u>SOFTWARE:</u>						
Informatics	0	0	10-15%	Increase Market Share	Research & Devel.	
Computer Assoc.	-	-	-	Proprietary	Proprietary	
SDC	0	DK	DK	Maintain Market Share	None very important	
Poole & Babbage	0	5%	DK	Value Price	Customer Support	
Cincom	5%	10%	10%	Meet Competition Price	Research & Devel.	
Nixdorf	DK	DK	DK	Meet Competition Price	Labor Intensive Fees	
McCormack & Dodge	*	*	*	*	*	
ADR	*	*	*	*	*	
Mathematica	*	*	*	*	*	
Software AG						
MRI Systems	0	20%	DK	Increase Revenue	Research & Devel.	
Pansophic	*	*	*	*	*	
M.D.S.I.						

\* Proprietary





# TRENDS

VENDOR	% PRICE CHANGES			MOST IMPORTANT PRICING FACTOR	MOST IMPORTANT COST FACTOR	COMMENTS
	1984	1985	1986			
MSA Cullinet	8% DK	8% DK	8% DK	Value Price DK	Research & Devel. Research & Devel.	



# TRENDS

VENDOR	FUTURE T&C CHANGES		FUTURE USAGE OF LICENSING METHODS				
	LICENSING	MAINTENANCE	LEASE	RENTAL	PAID-UP	ONE-TIME	USAGE
<u>MAINFRAMES:</u> C.D.C. Honeywell Univac	- Will follow competition Allow 3rd party software redistribution	- More service Use 3rd parties Increase On-Line diagnostics. Offer separately priced central support plan	Same DK Decrease	Same DK Decrease	Increase DK N/A	Increase DK Increase	Same DK N/A
	-	-	DK	DK	DK	DK	DK
	More towards generic software	Increase On-Line diagnostics	Decrease	Decrease	Decrease	Increase	Same
<u>MINI COMPUTERS:</u> Perkin-Elmer Gould	- Protection of original software - Generic software	- Increase On-Line & generally improved software diagnostics	N/A Same	N/A Same	N/A Increase	Same Increase	N/A Same



# TRENDS

VENDOR	FUTURE T&C CHANGES	FUTURE T&C CHANGES	FUTURE USAGE OF LICENSING METHODS				
	LICENSING	MAINTENANCE	LEASE	RENTAL	PAID-UP	ONE-TIME	USAGE
DEC	None	Increase On-Line Delivery	DK	DK	DK	DK	DK
Hewlett-Packard	-	Increase on-line diagnostics. Lower profit targets. Price Decreases	N/A	N/A	N/A	-	N/A
Data General	None	Increased on-line diagnostics	N/A	N/A	N/A	Same	N/A
Prime	Stay as it is now	Stay as is	DK	DK	DK	DK	DK



# TRENDS

VENDOR	FUTURE T&C CHANGES	FUTURE T&C CHANGES	FUTURE USAGE OF LICENSING METHODS				
	LICENSING	MAINTENANCE	LEASE	RENTAL	PAID-UP	ONE-TIME	USAGE
<u>SOFTWARE:</u> Informatics  Computer Associates  SDC  Boole & Babbage  Cincom  Nixdorf	Increased site licensing. Increased Main-frame SW leasing	None	Increase	Decrease	Same	Same	Increase
	Increased - 1-3 Yr. Licenses	-	Increase	Increase	Decrease	Decrease	-
	-	-	Same	Same	Decrease	Decrease	Increase
	-	-	Same	Same	Same	Same	Same
	Increased Usage Pricing. More Volume Discounting.	Increased Support Services	Increase	Decrease	Increase	Decrease	Increase
	Push for Uniform Product Set.	Increased Remote Telecomm. Support More levels of Support	N/A	Increase	N/A	Decrease	N/A





# TRENDS

VENDOR	FUTURE T&C CHANGES		FUTURE USAGE OF LICENSING METHODS				
	LICENSING	MAINTENANCE	LEASE	RENTAL	PAID-UP	ONE-TIME	USAGE
McCormack & Dodge	-	-	Increase	Same	Same	Same	Same
ADR	-	-	DK	DK	DK	DK	DK
Mathematica	-	-	Increase	Same	N/A	Increase	N/A
Software AG							
MRI Systems	-	-	Decrease	N/A	Increase	Increase	N/A
Pansophic	-	-	Increase	Increase	Decrease	Decrease	Increase
M.D.S.I.							
MSA	-	Multi-year maintenance contracts so user can get price protection	Same	Same	Same	Same	Same
Cullinet	-	-	Same	Same	Same	Same	Same









